



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

Statement of the Honorable David Dreier  
Before the Subcommittees on Social Security and Oversight  
Committee on Ways and Means  
February 16, 2006

Chairmen McCrery and Ramstad, Ranking Members Levin and Lewis, and Members of the Subcommittees, thank you for allowing me to submit a statement for the record for your hearing on Social Security high risk issues. In particular, I would like to focus my comments on the current employer verification process, abuse of the Social Security card and my proposal to address these issues.

A February 2005 Government Accountability Office (GAO) study found that "In November 2004, the Social Security Administration (SSA) reported that the Earnings Suspense File (ESF) contained a combined total of 246 million earnings records from all tax years back to the inception of the Social Security program (1937), representing about \$463 billion in reported earnings." The ESF indicates a fundamental problem with the system: there is a significant number of people contributing Social Security earnings who we cannot identify. I recognize that it could very well be errors in the enumeration process, or failure of an individual to notify the SSA in a change of their marital status. But we must also recognize that the problem could be individuals who are working in the U.S. illegally.

Today, SSA faces considerable challenges to fix discrepancies in Social Security earnings reporting. For example, the February 2005 GAO report found that "Of the 84.6 million records placed in the ESF for tax years 1985 to 2000, about nine million had all zeros in the Social Security number (SSN) field. For 3.5 million records, employers used the same SSN to report earnings for multiple workers in a single tax year. About 1.4 million records had SSNs that have never been issued by SSA, and over 260,000 were missing a first name." To address such issues, SSA sends no-match letters to inform employers about filing errors. From 1993 to 2000, SSA sent no-match notification letters to employers if 10 or more employees' SSNs did not match and if that amount equaled at least 10 percent of the organization's workforce. For tax year 2001, SSA implemented a new policy to send no-match letters to employers with at least one employee with a SSN discrepancy. This resulted in 950,000 sent no-match letters for tax year 2001 as compared to 110,000 for tax year 2000. However, due to administrative costs and other issues, SSA revised its policy for tax year 2002 by sending no-match letters to employers if 10 or more employees' SSNs did not match and if that amount equaled at least 0.5 percent of the organization's workforce. In tax year 2004, 121,593 no-match letters were sent to employers. Given the Social Security number reporting abuses, it is clear that we must take a closer look at our current verification system.

We must also re-examine our current employment verification policies. As you know, the 1986 Immigration Reform and Control Act created the current employment verification process to help eliminate the hiring of undocumented immigrants. While well intentioned, several weaknesses in the process demonstrate the increasing difficulty employers and federal officials have complying and enforcing current law. Under the current I-9 form, there are 94 different combinations of documents that can be used to establish identity and employment eligibility, including the Social Security card. While the former Immigration and Naturalization Service (INS) and the Department of Homeland Security (DHS) have proposed to reduce the number of applicable documents under the system, to date there have been no changes. What we ultimately have is a system that forces U.S. employers to act as immigration and document verification experts.

The 1996 Illegal Immigration Reform and Immigrant Responsibility Act included several programs to test the viability of an electronic employment verification system. For example, the Basic Pilot Program allows participating employers to electronically verify a prospective employee's work authorization status. The possible hire's SSN is checked against records at SSA, and if not verified, the information is checked against DHS immigration status records. Recently, the House approved a border control bill to require all employers to use this verification system. While expanding this program is a step in the right direction, I believe that we must do more to enhance the integrity of the system.

An August 2005 GAO report found that "...document fraud and identity fraud have made it difficult for employers who want to comply with the employment verification process to ensure that they hire only authorized workers and have made it easier for unscrupulous employers to knowingly hire unauthorized workers." In addition, the report found that "According to Immigration and Customs Enforcement officials, access to the Basic Pilot Program information could help the agency better target its worksite enforcement efforts at those employers who do not follow program requirements." However, GAO also found that such efforts would be undermined by the system's inability to detect forged documents.

In fact, there have been several recent news reports on Social Security card use by illegal immigrants and the evidence is not encouraging. One broadcast detailed how an illegal immigrant can purchase a fake Social Security card for \$1,300 and then easily get a job using the fake card as proof of their eligibility to work. Another report detailed the struggle against identity fraud that one Chicago-area resident faced because no fewer than 37 different illegal immigrants were using her Social Security number for employment purposes. There was also a report of individuals lending for a fee their valid Social Security cards to illegal immigrants. Perhaps most disturbingly, illegal immigrants using false Social Security numbers were apparently able to get work at a nuclear power plant in Florida. Far from being just an immigration issue, Social Security card fraud has become a national security issue.

The evidence is clear that we must take additional steps to improve our employment verification process to effectively enforce our immigration laws and ensure the integrity of the Social Security system. My bill, H.R. 98, the Illegal Immigration Enforcement and Social Security Protection Act, includes provisions which I believe can contribute to crafting a comprehensive solution to these challenges.



H.R. 98 requires SSA to issue Social Security cards which contain a digitized photo of the cardholder, in addition to other fraud countermeasures developed in conjunction with DHS. While the bill does not explicitly call for biometric identifiers, there is nothing in the legislation to preclude their consideration by DHS. The bill also requires the placement of an encrypted electronic signature strip on the back of the improved card. This strip would be utilized by employers to verify, via a DHS database, an individual's eligibility to work in the United States either by swiping the card through an electronic card-reader or calling a toll-free telephone number. The employer would instantaneously receive a response back that would tell them whether or not they are permitted to hire the individual in question.

The enhanced security features of the Social Security card and the easy-to-use electronic verification system under H.R. 98 will address the issues raised by the GAO reports by helping curb the use of fraudulent SSNs, simplifying the current work verification process and cracking down on the hiring of illegal immigrants. In addition, employers will have a better system to verify the authenticity of SSNs and ensure that the numbers correspond to the right individuals. This will improve the accuracy of Social Security wage reporting and help SSA reduce the growth in the ESF.

Only people who intend to seek a new job would have to be issued the new Social Security card. Retirees, for example, would not have to obtain the new, improved Social Security card. The improved Social Security card would only be required when an individual applies for a new job.

I want to make clear that the proposal takes us no further down the road of establishing a national identification card. H.R. 98 stipulates that the Social Security card shall not become a national identification card, requires that the improved Social Security card contain the words "not to be used for the purpose of identification," and provides that an individual shall not be required to carry the card on their person. In addition, under H.R. 98 the government would collect no more information about an individual than it does today. SSA already collects information on citizenship and employment eligibility and shares that information with DHS under the aegis of the Basic Pilot Program. What I propose does not threaten anybody's privacy or impinge upon anybody's civil liberties. It simply combines and streamlines the current process under the Basic Pilot Program system.

I believe that provisions within H.R. 98 can contribute to protecting the Social Security system, stopping the use of fraudulent Social Security documents and improving the employment verification procedures to crack down on the hiring of illegal immigrants. I look forward to working with the Subcommittees on these important issues.